

KING COUNTY EMPLOYEES DEFERRED COMPENSATION PLAN

Effective January 1, 2016

KING COUNTY EMPLOYEES DEFERRED COMPENSTATION PLAN DOCUMENT
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KING COUNTY EMPLOYEES DEFERRED COMPENSATION PLAN

1. INTRODUCTION

In accordance with RCW 41.50.770, Deferred Compensation Plans, and as provided in Section 457 of the Internal Revenue Code, the King County Employees Deferred Compensation Plan Board (the "Board") hereby establishes the King County Employees Deferred Compensation Plan, hereinafter referred to as the "Plan." Nothing contained in this Plan shall be deemed to constitute an employment agreement between the Participant and King County and nothing contained herein shall be deemed to give a Participant any right to be retained in the employ of King County.

The Plan was established effective January 1, 1996, and has been amended and restated effective January 1, 1999, January 1, 2002, January 1, 2003, September 8, 2010 and January 1, 2014. The Plan is hereby again amended and restated as of January 1, 2016, except as otherwise specifically provided in the Plan, to reflect changes to the operation of the Plan made by the Board.

2. DEFINITIONS

- 2.1. **"Account Balance"** means all Compensation deferred by an individual Participant under the Plan, adjusted by income and gains received increases or decreases in investment value, Rollovers, fees and costs, revenue share rebates and distributions.
- 2.2. **"Beneficiary"** means the persons or legal entities designated by a Participant to receive any benefits payable in the event of the Participant's death. The designation or change of designation of a Beneficiary is effective when received by the Recordkeeper in proper written form prescribed by the Recordkeeper. If an Employee Participant fails to designate a Beneficiary, the Beneficiary shall be the beneficiary designated by the Employee Participant to receive the Employee Participant's life insurance benefit on file with the Employer. If no beneficiary has been designated in accordance with this Section 2.2, the Beneficiary shall be the Participant's estate, and the Account Balance shall be distributed as provided in subsections 5.2 d (3) and (4).
- 2.3. **"Board"** means the King County Employees Deferred Compensation Plan Board.
- 2.4. **"Code"** means the Internal Revenue Code of 1986, as amended, or any future United States Internal Revenue Law. References within this Plan to specific section numbers shall refer to Internal Revenue Code sections and to corresponding provisions of any applicable United States Internal Revenue regulation.
- 2.5. **"Compensation"** means all payments made to an Employee by King County as remuneration for services rendered.
- 2.6. **"Deferrals"** means the contributions the Employer makes to the Plan pursuant to an Employee Participant's Employee Salary Reduction Agreement and includes both Pre-tax Deferrals and Roth Deferrals. The Plan permits an Employee Participant to make Roth Deferrals effective as of January 1, 2014.
- 2.7. **"Employee"** means any regular full-time or regular part-time employee, regular career-

service exempt employee and term limited temporary employee (including an elected or appointed official) entitled to receive benefits as defined by the King County Code, and any employee as defined in RCW 41.50.770 (1) who elects to defer Compensation into the Plan.

- 2.8. **“Employee Participant”** means an Employee who is a Participant.
- 2.9. **“Employer”** means King County.
- 2.10. **“Includible Compensation”** means, for purposes of the limitations set forth in Section 4, the same as the term “participant’s compensation” in section 415(c)(3) of the Code.
- 2.11. **“Normal Retirement Age”** means, for purposes of Section 4.7, the age designated by the Employee Participant which is on or after the earlier of: (1) age 65, or (2) the age at which the Employee Participant has the right to retire and receive, under the Washington State Public Employees' Retirement Systems, immediate pension benefits without actuarial reduction. In no case shall the designated Normal Retirement Age be greater than age 70½.
- 2.12. **“Participant”** means anyone who has an Account Balance in the Plan and is a current or retired Employee; former Employee after Severance from Employment; surviving, separated, or divorced Spouse of a Participant; child of a Participant; or Beneficiary.
- 2.13. **“Plan Year”** means the calendar year.
- 2.14. **“Pre-tax Deferrals”** means an Employee Participant’s Deferrals that are not includible in the Employee Participant’s gross income when deferred and that the Employee Participant has irrevocably designated as Pre-tax Deferrals in his or her deferral election. An Employee Participant’s Pre-tax Deferrals will be separately accounted for along with any adjustments attributable to the Pre-tax Deferrals, as specified in Section 2.1. All Employee Participant Deferrals prior to January 1, 2014 are Pre-tax Deferrals, unless they have been converted to Roth Deferrals as provided in Section 16.
- 2.15. **“Recordkeeper”** means the person, persons, or entity selected by the Board to operate and keep records for the Plan under contract with King County.
- 2.16. **“Rollover”** means (a) a payment into the Plan from an Employee or Participant that the Recordkeeper reasonably believes is a qualified rollover contribution under Code Section 408(d)(3) or from an eligible retirement plan under Code Section 402(c)(8)(B); or (b) a direct transfer of funds or property into the Plan for the account of an Employee or Participant where the funds or property are received directly from a plan which the Recordkeeper reasonably believes to be an eligible retirement plan under Code Section 402(c)(8)(B).
- 2.17. **“Roth Deferrals”** means an Employee Participant’s Deferrals that are includible in the Employee Participant’s income at the time deferred and that the Employee Participant has irrevocably designated as Roth Deferrals in his or her deferral election. An Employee Participant’s Roth Deferrals will be separately accounted for along with any adjustments attributable to the Roth Deferrals, as specified in Section 2.1.
- 2.18. **“Severance from Employment”** means the termination of an Employee Participant's employment with the Employer, occurring other than by reason of death. An approved leave of absence from the Employer is not a Severance from Employment.

- 2.19. **“Spouse”** means the person to whom a Participant is legally married and who is treated as a Spouse under the Code. For purposes of this definition, same-sex marriages and Spouses are recognized in accordance with IRS Revenue Ruling 2013-17, effective June 26, 2013.

3. ADMINISTRATION

- 3.1. Plan Administration. This Plan shall be administered by the Board, which shall represent the Employer in all matters concerning the administration of this Plan.
- 3.2. Board Authority and Responsibility. The Board has full power and the sole and exclusive discretion and authority to take actions within its authority regarding the Plan and to adopt rules, regulations, policies and procedures for the administration of the Plan, interpret the Plan and other Plan documents, make all factual and equitable determinations, and decide all claims for coverage, eligibility or benefits. The Board may delegate its responsibilities.
- 3.3. Presumption of Fairness and Reasonableness. Every action taken by the Board or its designated representative shall be presumed to be fair and reasonable, and a proper exercise of the authority vested in or the duties imposed upon it or the representative. The Board, its individual members, or the representative shall be deemed to have acted impartially as to all persons interested, unless the contrary is proven by affirmative evidence. Neither the Board, its individual members, nor its representative shall be liable for amounts of Compensation deferred by Participants, gains accrued or losses incurred, or for other amounts payable under the Plan.
- 3.4. Individual or Ledger Accounts. The Recordkeeper will maintain individual or ledger accounts for each Participant that reflect the value of the Participant's Account Balance. Each Participant shall receive quarterly reports showing the Participant's Account Balance. Individual accounts may be reduced by administrative, investment, or other reasonable fees, in such amounts and at such times as deemed necessary by the Board for the maintenance of the Plan.

4. PARTICIPATION IN THE PLAN

- 4.1. Eligibility. Any Employee, as defined in Section 2.7, is eligible to defer Compensation into the Plan.
- 4.2. Employee Salary Reduction Agreement.
- a. In General. Compensation may be deferred for any calendar month by salary reduction only if an agreement (“Employee Salary Reduction Agreement”) between a Participant and the Employer providing for the deferral has been entered into before the first day of the month in which the Compensation is paid or made available. The Employee Salary Reduction Agreement will remain in effect until the Employer or Participant revokes or alters the terms of the agreement. Employee Salary Reduction Agreements, and any changes or revocations to such agreements, shall be made in the form and manner prescribed

by the Board. Employee Salary Reduction Agreements apply to all Compensation paid or made available to the Employee while they are in effect. Notwithstanding the foregoing, Deferrals shall be made with respect to vacation and/or sick leave cashout paid to a retiring or terminating Employee only to the extent such Deferral is specifically provided for in a separate Employee Salary Reduction Agreement submitted by the Employee at least two weeks prior to the Employee's last day of work. Deferrals with respect to vacation and/or sick leave cashout are not subject to the minimum and maximum Deferral amounts specified in Section 4.4 but are (together with all Deferrals) subject to the Maximum Annual Deferral specified in Section 4.5.

- b. Automatic Increases. Each Participant who is making Deferrals shall, except as provided below, be deemed to have changed his or her Employee Salary Reduction Agreement to increase the amount of such Deferrals by the applicable automatic increase amount (described below) each January 1st, subject to the limits described in Sections 4.4 and 4.5. Such increase shall be in the form of Pre-Tax and/or Roth Deferrals as described in Section 4.3. The applicable automatic increase amount is 1% (up to a maximum Deferral percentage as may be established by the Board from time to time) of Compensation in the case of Participants with a percentage of Compensation Deferral election and \$10 (up to a maximum Deferral amount as may be established by the Board from time to time) in the case of Participants with a flat dollar amount Deferral election. The automatic increase provisions described in this subsection (b) apply only to Employees who first become Participants on or after August 1, 2015, except that other Participants may elect to participate in this program in the time and manner prescribed by the Board.

The automatic increase described above shall not apply if the Participant changes his or her Employee Salary Reduction Agreement during the 30-day period prior to the scheduled automatic increase or to a Participant who is not making any Deferrals to the Plan. A Participant may elect to opt out of the automatic increase provisions described above. In addition, a Participant may elect to change the manner in which the automatic increase described above applies to his or her Employee Salary Reduction Agreement by (1) choosing a different date for scheduled automatic increases; (2) choosing a different whole percentage of Compensation or flat dollar amount for the amount of automatic increases; and/or (3) choosing a different maximum Compensation reduction percentage or maximum flat dollar amount for automatic increases. An Employee's election to opt out of automatic increases or to change the manner in which automatic increases apply must be made in the time and manner prescribed by the Board.

4.3 Types of Deferrals.

- a. An Employee Participant may designate all or a portion of his or her Deferrals as Pre-tax Deferrals. Each Pre-tax Deferral must be at least the minimum and cannot exceed the maximum dollar or percentage amount prescribed under Section 4.4.
- b. An Employee Participant may designate all or a portion of his or her Deferrals as Roth Deferrals. Each Roth Deferral must be at least the minimum and cannot exceed the maximum dollar or percentage amount prescribed under Section 4.4.

4.4. Deferral Amounts. Deferrals pursuant to an Employee Salary Reduction Agreement may be made as a flat dollar amount or as a percentage of Compensation (whole percentages only), subject to such minimum or maximum Deferral percentages or amounts as may be established by the Board from time to time.

4.5. Maximum Annual Deferral. Except as provided in Sections 4.6, 4.7 and 4.8, the maximum that an Employee Participant may defer under the Plan for any calendar year shall not exceed the lesser of (a) the dollar limitation contained in Code Section 457(e)(15) in effect for such calendar year, as such amount is adjusted from time to time by the Secretary of Treasury; or (b) 100% of the Employee Participant's Includible Compensation.

4.6. Catch-up Deferrals. An Employee Participant who has deferred the maximum allowed by Section 4.5 may defer an additional amount for the calendar year in which his or her fiftieth birthday occurs and all calendar years thereafter, subject to the limitation that total deferrals not exceed 100% of the Employee Participant's Includible Compensation. This additional deferral amount shall be the amount prescribed by Code Section 414(v) for such calendar year, and shall be in accordance with, subject to the limitations of and be adjusted automatically as the amount is adjusted from time to time by the Secretary of Treasury pursuant to Code Sections 414(v) and 457(b), or any other amount as amended or set forth by the Code. An Employee Participant who is using the Special Catch-up provision of Section 4.7 is not eligible for this Catch-up Deferral.

4.7. Special Catch-up. As described in Code Section 457(b)(3), for one or more of an Employee Participant's last three full taxable years ending before the taxable year in which Normal Retirement Age under the Plan is attained, the maximum deferral shall be the lesser of:

- a. The Employee Participant's Includible Compensation; or
- b. Twice the maximum deferral under Section 4.5 of the Plan; or
- c. The sum of:
 - (1) An amount equal to (A) the aggregate Section 4.5 limit for the current year plus each prior calendar year beginning after December 31, 2001 during which the Participant was an Employee under the Plan, minus (B)

the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus

- (2) An amount equal to (A) the aggregate limit referred to in section 457(b)(2) of the Code for each prior calendar year beginning after December 31, 1978 and before January 1, 2002 during which the Participant was an Employee (determined without regard to Sections 4.6 and 4.7), minus (B) the aggregate contributions to Pre-2002 Coordination Plans for such years. "Pre-2002 Coordination Plans" means any employer contribution, salary reduction or elective contribution under any other eligible Code section 457(b) plan, or a salary reduction or elective contribution under any Code section 401(k) qualified cash or deferred arrangement, Code section 402(h)(1)(B) simplified employee pension (SARSEP), Code section 403(b) annuity contract, and Code section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in section 501(c)(18) of the Code, including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of this Section 4.7(c)(2)(B) to the extent that the total of such contributions does not exceed the aggregate limit referred to in section 457(b)(2) of the Code for that year.

This Section 4.7 shall not apply with respect to any Employee Participant who has previously utilized in whole or in part the special catch-up under this Plan or under any other eligible deferred compensation plan within the meaning of Section 457 of the Code and the regulations thereunder.

- 4.8. USERRA. Any Employee Participant who qualifies for benefits rights under the Uniformed Service Employment and Re-employment Rights Act of 1994 ("USERRA") and Code Section 414(u) may make Deferrals, including catch-up deferrals, as provided by USERRA and Code Section 414(u)(2). In addition, notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Sections 414(u) and 401(a)(37), except that Code Section 414(u)(9) shall not apply.
- 4.9. Right to Modify or Disallow Deferrals. The Employer shall have the right to modify or disallow the periodic deferral of Compensation elected by the Employee Participant:
 - a. In excess of the limitations stated in Sections 4.5 through 4.7;
 - b. In excess of the Employee Participant's Includible Compensation for any pay period;
 - c. To round periodic deferrals to the nearest whole dollar amount;
 - d. To reduce the future deferrals in the event that the amount actually deferred for

any pay period exceeds, for any reason whatsoever, the amount elected by the Employee Participant. In the alternative, such amount of excess deferral may be refunded to the Employee Participant. No adjustment in future deferrals shall be made if a periodic deferral is missed or is less than the amount elected, for any reason whatsoever;

- e. If the deferral elected for any pay period is less than the minimum amount established by the Board; or
- f. To suspend future deferrals for a period of six months following an Unforeseeable Emergency withdrawal provided in Section 6.

4.10. Disallowing Deferrals - Board's Duty. The Employee Participant acknowledges the right of the Board to disallow deferral of Compensation under the Plan in excess of the limitations stated above. However, the Board shall have no duty to assure that amounts deferred are in compliance with such limitations and shall have no liability to an Employee Participant if the Board fails to disallow a deferral in excess of such limitations, if the Employee Participant directed such deferral. Any excess deferral resulting from a failure of the Plan to apply the limitations of Sections 4.5, 4.6 or 4.7 to amounts deferred under the Plan (without regard to the individual limitations applicable to Participants in multiple eligible plans) will be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral.

4.11. Investments.

- a. Participant Selection of Investment Options. Each Participant will designate the investment option(s) in which he or she wishes to have Deferrals invested. If the Participant fails to designate an investment option, the investment option will default to a Retirement Date Fund based on the Participant's year of birth.
- b. Investment Options Offered. The Board will select investment options to be available for Deferrals and for Account Balances. The investment options shall be selected and made available for this purpose in the Board's sole discretion.
- c. Board's Right to Select or Change Investment Options. The Board has the right to change the investment options under the Plan. If the Board eliminates a certain investment option, all Participants who had chosen that investment will select another option; the Participants will have no right to require the Board to select or retain any investment option. To the extent permitted by and subject to any rules or procedures adopted by the Board, a Participant may from time to time change his or her choice of investment options. Any change with respect to investment options made by the Board or a Participant, however, will be subject to the terms and conditions, including any rules or procedural requirements of the affected investment option.

5. DISTRIBUTION OF BENEFITS

5.1. Time of Distribution. Subject to Section 5.2, all or any part of a Participant's Account Balance may be distributed to the Participant when:

- a. The Participant has a Severance from Employment or dies;
- b. The Participant is not an Employee; or
- c. The amount distributed is all or part of a Rollover into the Plan.

5.2. Distribution Methods and Limitations.

a. Method of Distribution. A Participant may elect to have his or her Account Balance distributed by:

- (1) A single lump sum payment of all the Account Balance.
- (2) Partial payments from the Account Balance.
- (3) A series of substantially equal periodic monthly, quarterly, semi-annual or annual payments based upon a fixed period that is not longer than the life expectancy of the Participant or the joint life expectancy of the Participant and his or her Spouse or Beneficiary.
- (4) Any combination of (2) and (3)

A Participant may change the method of distribution at any time before the Account Balance has been completely distributed except as prohibited by Code Section 401(a)(9) and Treasury Regulation Sections 1.401(a)(9)-1 through -9.

The Participant may request alternative methods of distribution by petitioning the Board or its representative or delegate in writing. The Board's decision will be final.

b. Minimum Required Distribution. Notwithstanding any provision of this Plan to the contrary, in the case of distributions made prior to the Participant's death, the following minimum required distribution rules shall apply. The entire interest of each Participant shall be distributed not later than as follows: (1) to the Participant not later than his Required Beginning Date, or (2) beginning not later than the Participant's Required Beginning Date, in accordance with Treasury Regulation Sections 1.401(a)(9)-1 through -9, over the life of the Participant or over the lives of the Participant and his designated Beneficiary, or over a period not extending beyond the life expectancy of the Participant or the life expectancy of the Participant and his designated Beneficiary. If the Participant's Spouse is not his designated Beneficiary, a method of payment to the Participant may not provide more than incidental benefits to the Beneficiary pursuant to the minimum

distribution incidental benefit requirement described in Code Section 401(a)(9)(G) and Treasury Regulation Sections 1.401(a)(9)-2 and -6. For purposes of this Section 5.2, a Participant's "Required Beginning Date" means April 1 of the calendar year following the later of the calendar year in which the Participant reaches age 70 ½ or the calendar year in which the Participant retires or otherwise has a Severance from Employment. All distributions will be made in accordance with Code Section 401(a)(9) and Treasury Regulation Sections 1.401(a)(9)-1 through -9, and this Section 5.2 b. shall be construed and applied in accordance therewith.

c. Distribution After Death.

- (1) If the Participant's death occurs after his Required Beginning Date, the remaining portion of the Participant's Account Balance shall be distributed to the Participant's Beneficiary, in accordance with Code Section 401(a)(9) and Treasury Regulation Sections 1.401(a)(9)-1 through -9, at least as rapidly as under the method of distributions to the Participant being used under Section 5.2 b. as of the date of the Participant's death.
- (2) If the Participant's death occurs prior to his Required Beginning Date, distribution of the Participant's Account Balance shall be made to the Participant's Beneficiary as a lump sum no later than the end of the calendar year containing the fifth anniversary of the Participant's death. However, the Participant's Beneficiary may elect, in accordance with Treasury Regulation Sections 1.401(a)(9)-1 through -9, to receive distribution of the Participant's Account Balance over a period not exceeding the Beneficiary's life expectancy, provided that distribution to the Beneficiary commences no later than December 31 of the calendar year immediately following the calendar year in which the Participant died or, if later and the Beneficiary is the Participant's Spouse, December 31 of the calendar year in which the Participant would have attained age 70 ½. All distributions will be made in accordance with Code Section 401(a)(9) and Treasury Regulation Sections 1.401(a)(9)-1 through -9, and this Section 5.2 c. shall be construed and applied in accordance therewith. To the extent not inconsistent with the foregoing, any Beneficiary who is a person may elect to have the Beneficiary's share of the Account Balance distributed:
 - (a) In a single lump sum payment;
 - (b) By partial payments, provided the entire Account Balance must be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death;
 - (c) In equal or substantially equal payments over a period not exceeding the Beneficiary's life expectancy,

computed in accordance with the Code Section 401(a)(9) and Treasury Regulation Sections 1.401(a)(9)-1 through -9. Such payments must begin no later than December 31 of the calendar year following the year of the Participant's death, unless the Beneficiary is the Participant's surviving Spouse, in which case this distribution is not required to begin before December 31 of the year in which the Participant would have turned age 70 ½; or

- (d) By partial payments before the December 31 by which equal or substantially equal payments under subsection 5.2 d(2)(c) would be required to commence computed in accordance with subsection 5.2 d(2)(b), and the remaining Account Balance in equal or substantially equal payments under subsection 5.2 d(2)(c).

For any year a Beneficiary who has elected periodic payments under subsections 5.2 d (2) (c) or (d) can elect a distribution of an amount greater than the amount of the partial payment calculated under the formula in subsections 5.2 d (2) (c) or (d).

- (3) The Account Balance shall be distributed to the Participant's estate if the Participant has not designated a Beneficiary in accordance with Section 2.3, all Beneficiaries have predeceased the Participant or renounce their rights to receive their share of the Account Balance, or the Plan is unable to locate at least one Beneficiary after reasonable effort. The Plan and its agents shall have no higher duty under this subsection than the exercise of good faith, and shall incur no liability by reason of any action taken in reliance upon erroneous, inaccurate or fraudulent information reported by any source assumed to be reliable, or by reason of incomplete information in its possession at the time of such distribution. Upon distribution of the Account Balance pursuant to the provisions of this subsection, the Plan and its agents shall be discharged fully and forever from all liabilities respecting the distribution of the Account Balance.
- (4) Any part of the Account Balance that is payable to an organization, estate, or trust shall be distributed in a single lump sum.

- 5.3. Participants Retired or Separated From Service Before January 1, 2002. Any Participant who attained Normal Retirement Age and retired under the terms of the Participant's retirement system or Separated from Service before January 1, 2002, may elect either the times of distribution, distribution methods and distribution limitations in effect at the time the person attained Normal Retirement Age and retired under the terms of the Participant's retirement system or Separated from Service, or those provided in Sections 5.1 and 5.2. Such Participants also may elect Rollovers and transfers as provided in Section 16.

- 5.4. Account Balance \$1,000.00 or Less. If the Participant's Account Balance is One Thousand (\$1000.00) or less, determined as of the date payments are to commence under Section 5.1, then notwithstanding any election made or other provision hereunder, the Board or its representative or delegate shall pay the Account Balance to the Participant, or his or her Beneficiary or QDRO recipient in a single lump sum payment.
- 5.5. In-Service Distribution. . If a Participant's Account Balance does not exceed \$5,000, and such Participant has not made any Deferrals under the Plan during the preceding two-year period, such Participant may, upon request, receive a distribution of the Participant's total Account Balance, provided that the Participant has not previously received a distribution under this Section 5.5.

6. UNFORESEEABLE EMERGENCY

- 6.1. Board Approval: Unforeseeable Emergency Request. In the event of an unforeseeable emergency, a Participant may request authorization of payment of all or a part of the Participant's Account Balance. The existence of an unforeseeable emergency shall be determined by the Board or its representative or delegate in conformity with Section 457(b)(5) of the Code and any regulations of the Secretary of the Treasury that may be promulgated thereunder. The Board or its representative or delegate may require the Participant to provide supporting documentation to verify the existence of the emergency. If the application for payment is approved, payment will be made as soon as practicable. The amount to be paid shall be limited strictly to that amount reasonably necessary to satisfy the emergency need (which may include any amount necessary to pay federal, state, and local income taxes reasonably anticipated to result from the distribution). Any remaining Account Balance shall be paid in accordance with and at the times permitted by Section 5 of the Plan.
- 6.2. Unforeseeable Emergency Definition. For purposes of this section, an Unforeseeable Emergency is a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant's Spouse, or the Participant's dependent (as defined in Code Section 152 and without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, such as damage that is the result of a natural disaster); the need to pay for the funeral expenses of the Participant's Spouse or dependent; or other similar extraordinary and financial hardship arising as a result of events beyond the control of the Participant.

The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but payment may not be made to the extent that such Unforeseeable Emergency is or may be relieved:

- a. Through reimbursement or compensation by insurance or otherwise;
- b. By liquidation of the Participant's other assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or
- c. By cessation of Deferrals.

7. DOMESTIC RELATIONS ORDERS

- a. To the extent required under a final judgment, decree, or order made pursuant to a state domestic relations law that meets the requirements of Code Section 414(p)(1)(A)(i), herein referred to as a Qualified Domestic Relations Order (QDRO), which is duly filed upon the Employer, any portion of a Participant's Account Balance may be paid, transferred or set aside for payment or transfer to a Spouse, former Spouse, or child of the Participant. Where necessary to carry out the terms of such a QDRO, a separate account shall be established with respect to the Spouse, former Spouse or child, and such person shall be entitled to make investment selections with respect thereto in the same manner as the Participant and be treated in all respects as a Participant. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the Spouse, former Spouse or child. The QDRO may also direct the Recordkeeper to transfer the share of the Account Balance awarded to the Spouse, former Spouse, or child of the Participant to an eligible retirement plan in accordance with Section 16.2 herein.
- b. The Participant's Account Balance shall be reduced to the extent that amounts have been paid, transferred or set aside for payment to a Spouse, former Spouse or child pursuant to this section. No amount will be paid, transferred or set aside unless the Employer, or its agents or assigns, has been provided with satisfactory evidence releasing them from any further claim by the Participant with respect to these amounts. The Participant shall be deemed to have released the Employer from any claim with respect to such amounts in any case in which the Employer has been notified pursuant to the terms of a fully executed QDRO signed by a Judge which sets aside a portion of the Participant's Account Balance for a Spouse, former Spouse or child, and the Participant fails to obtain an order of the court in the proceeding relating to a QDRO relieving the Employer from the obligation to comply with the QDRO.
- c. The Employer shall not be obligated to comply with any judgment, decree or order which attempts to require the Plan to violate any Plan provision or any provision of Section 457 of the Code. Neither the Employer nor its agents shall be obligated to defend against or set aside any judgment, decree, or order described herein or any legal order relating to the division of a Participant's Account Balance under the Plan unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Employer, its agents or assigns to incur such expense, the amount of the expense may be charged against the Participant's Account Balance and thereby reduce Employer's obligation to pay benefits to the Participant.

In the course of any proceeding relating to divorce, separation or child support, the Employer, its agents and assigns shall be authorized to disclose information relating to the Participant's individual account to the Participant's Spouse, former Spouse, or child (including the legal representatives of the Spouse, former Spouse or child), or to a court.

8. AMENDMENT OR TERMINATION OF PLAN

- 8.1. Right to Amend. The Employer or the Board may amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the rights of Participants and their Beneficiaries regarding their Account Balance at the time of such amendment unless the amendment is required by the Code or other applicable law, regulation or ruling.
- 8.2. Employer's Right to Terminate. Although the Employer has established this Plan with the expectation that it will maintain the Plan indefinitely, the Employer may at any time terminate this Plan. If the Plan is terminated, the Account Balance will be paid to each Participant in accordance with procedures adopted by the Board.

9. RELATIONSHIP TO OTHER PLANS - RETIREMENT AND SOCIAL SECURITY NOT REDUCED

Pursuant to Section 457 of the Code, the amount of Compensation deferred under the Plan will be included as Compensation in determining contributions under the Federal Insurance Contributions Act (FICA) and Washington State public employment retirement system plans. Distributions under this Plan will supplement retirement and death benefits payable under the Employer's group insurance and retirement plans.

10. NON-ASSIGNABILITY CLAUSE - ACCUMULATED DEFERRALS NOT ASSIGNABLE

Neither the Participant nor his or her Beneficiary, nor any other designee shall have any right to commute, sell, assign, transfer, pledge, encumber or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and non-transferable; and in the event of attempt to assign or transfer, the Employer shall have no further liability hereunder, nor shall any unpaid amounts be subject to attachment, garnishment, or execution or be transferable by operation of law in event of bankruptcy or insolvency, except to the extent otherwise required by law and Section 7 herein.

11. ACCOUNT BALANCE IS HELD FOR THE EXCLUSIVE BENEFIT OF THE PARTICIPANT

In accordance with Code Section 457 (g), the Account Balance shall be held in a custodial account for the exclusive benefit of the Participant.

12. PARTICIPATION BY BOARD MEMBERS

Members of the Board are Participants in the Plan under the same terms and conditions as apply to other Participants, but an individual member shall not participate in any Board action taken with respect to that member's participation or request for an Unforeseeable Emergency withdrawal.

13. EMPLOYER PARTICIPATION

Notwithstanding any other provision of this Plan, the Employer may add to the benefits payable to any Employee Participant under the Plan additional deferred Compensation for services to be rendered by the Employee to the Employer during an employment period, provided:

- a. The Employee has elected to have such additional Compensation deferred, invested, and distributed, pursuant to this Plan, before the employment period in which the Compensation is earned; and
- b. Such additional deferred Compensation, when added to all other deferred Compensation under the Plan does not exceed the maximum deferral permitted by Section 4.

14. INVESTMENT RESPONSIBILITY

- 14.1. No Guarantees. Any action by the Board in investing funds, or approving of any such investment of funds shall not be considered to be either an endorsement or guarantee of any investment, nor shall it be considered to attest to the financial soundness or the suitability of any investment for the purpose of meeting future obligations. The Participant is solely responsible for determining the nature, value, potential value, and suitability of the investment the Participant chooses.
- 14.2. Employer, Board and Representatives Not Liable. Neither the Employer, the Board, nor the Board's representative makes any endorsement, guarantee, or any other representation and shall not be liable to the Plan or to any Participant, Beneficiary, or any other person with respect to (a) the financial soundness, investment performance, fitness, or suitability (for meeting a Participant's objectives, future obligations under the Plan, or any other purpose) of any investment option offered pursuant to Section 4.8 or any investment vehicle in which amounts deferred under the Plan are actually invested, or (b) the tax consequences of the Plan to any Participant, Beneficiary, or any other person.
- 14.3. Indemnification of Board Members. Upon approval of the Prosecuting Attorney's Office and in accordance with King County Code Section 2.21.050, the County shall indemnify all persons who have served or may serve at any time as members of the Board and their

heirs, executors, administrators, successors, and assigns, from and against any and all loss and expense, including amounts paid in settlement before or after suit is commenced, and reasonable attorney fees actually and necessarily incurred as a result of any claim, demand, action, proceeding, or judgment that may be asserted against any such persons or in which any such persons are made parties by reason of their being or having been members of the Board. However, this right of indemnification shall not exist in relation to matters to which it is adjudged in any action, suit, or proceeding, that any such persons did not act in good faith and are liable for gross negligence or misconduct in the performance of their duty.

15. ROLLOVERS AND TRANSFERS TO DEPARTMENT OF RETIREMENT SYSTEMS

- 15.1. Rollovers into the Plan Allowed. Any Employee or Participant may pay or have transferred into the Plan an amount that is a Rollover. All such Rollovers, including Rollovers of Roth elective deferral amounts, shall be accounted for separately and shall constitute a part of the Participant's Account Balance. A Rollover from another eligible retirement plan under Code section 402(c)(8)(B) shall not be considered Compensation deferred under the Plan in the taxable year of such Rollover in determining the maximum deferral under Sections 4.3, 4.4 and 4.5.
- 15.2. Rollovers out of the Plan Allowed. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section 16.2, a Distributee may elect, at the time and in the manner prescribed by the Board or its representative or delegate, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. For purposes of this Section 16.2, the following definitions shall apply:
- a. Eligible Rollover Distribution: An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; (2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; (3) any Unforeseeable Emergency withdrawal; or (4) the portion of any distribution that is not includable in a Distributee's gross income ("after-tax amounts"). However, a distribution shall not fail to be an Eligible Rollover Distribution merely because it includes after-tax amounts, provided that such amounts may be transferred only (i) to an individual retirement account or annuity described in Section 408(a) or (b) of the Code or to a Roth IRA described in Section 408A of the Code, or (ii) in a direct trustee-to-trustee transfer to a qualified trust that is a defined contribution plan that provides for separate accounting for amounts so transferred (and earnings thereon), including separate accounting for the portion which is includible in gross income and for the portion which is not so includible.
- b. Eligible Retirement Plan: An Eligible Retirement Plan is an individual

retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution. An Eligible Retirement Plan shall also include an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such from this Plan. Effective January 1, 2008, an Eligible Retirement Plan also includes a Roth IRA described in Section 408A of the Code. If any portion of an Eligible Rollover Distribution is attributable to payments or distributions from a designated Roth account, an Eligible Retirement Plan with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made or a Roth IRA of such individual.

- c. Distributee: A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's Spouse or former Spouse or the Employee's or former Employee's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the Spouse or former Spouse. Effective January 1, 2010, a Distributee also includes an Employee's or former Employee's non-Spouse designated Beneficiary. However, in the case of a non-Spouse designated Beneficiary, the Direct Rollover may be made only to (i) an individual retirement account or annuity described in Sections 408(a) or (b) of the Code ("IRA"), or (ii) a Roth IRA as described in Section 408A of the Code, provided such IRA or Roth IRA is established on behalf of the Beneficiary and will be treated as an inherited IRA pursuant to Section 402(c)(11) of the Code.
- d. Direct Rollover: A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

15.3 Transfers to the Department of Retirement Systems Allowed. Any Participant may transfer part or all of his or her Account Balance to the Washington Department of Retirement Systems to purchase service credit for service previously rendered, restore service credit destroyed, or repay a lump sum received in lieu of benefit in any fund the department administers, as listed in RCW 41.50.080. A Participant may petition the Board in writing to allow a similar transfer to other pension plans. The Board's decision will be final.

15.4 Administrative Rules. The Board shall prescribe such rules consistent with the provisions of Sections 16.1 through 16.3 of the Plan and Section 457 and other sections of the Code concerning Rollovers and transfers as the Board in its sole judgment deems desirable for the orderly administration of the Plan. The Board or its representative or delegate may require in its sole discretion that part or all of a Rollover be transferred in cash or its equivalent. The Participant is solely responsible for insuring that a Rollover or transfer

complies with the requirements of the Code.

16. IN-PLAN ROTH CONVERSIONS

An eligible Participant may elect, at the time and in the manner prescribed by the Recordkeeper, to have any portion of the Participant's Pre-Tax Deferrals account transferred to the Participant's Roth Deferrals account under this Plan. Such in-plan transfer must satisfy the requirements of IRC §402A(c)(4).

17. MISCELLANEOUS PROVISIONS

- 17.1. Terms of Plan Take Precedence. In the event any form or other document used in administering this Plan, including but not limited to enrollment forms and marketing materials, conflict with the terms of the Plan, the terms of the Plan shall prevail.
- 17.2. Board's Decisions Binding on Participants and Beneficiaries. The Board is authorized to determine any matters concerning the rights of any Participant under this Plan and such determination shall be final and binding on the Participant and any Beneficiary thereof.
- 17.3. Board's Right to Construe Plan and Resolve Ambiguities. The Board is authorized to construe this Plan and resolve any ambiguity in the Plan, and the Board's construction shall be final. The Plan and any form or other document used in administering the Plan shall be interpreted, and this Plan shall be administered, so as to comply with Section 457 of the Code and the regulations of the Treasury Department promulgated thereunder.
- 17.4. Participants Responsible for Financial, Legal, and Other Professional Advice. The Board does not represent or guarantee that any particular Federal and State income, payroll, personal property or other tax consequence will occur because of the Participant's participation in this Plan. The Participant should consult with his or her own financial and legal advisors regarding all questions of Federal or State income, payroll, personal property, or other tax consequences arising from participation in this Plan.
- 17.5. Payments May Be Suspended. The Board or the Employer, if in doubt concerning the correctness of their action in making a payment of a benefit, may suspend that benefit until satisfied as to the correctness of the payment or the person to receive the payment or to allow the filing in any state court of competent jurisdiction of a civil action seeking a determination of the benefits to be paid and the persons to receive them. The Board and the Employer shall comply with the final orders of the court in any such suit, and the Participant, on behalf of himself/herself, and Beneficiaries, consents to be bound thereby.
- 17.6. Lapse of Benefits. If after any benefit becomes due under the Plan to any person, the Plan is unable to make payment because the identity or whereabouts of such person cannot be ascertained, the Board shall make reasonable attempts to identify or locate such person. If the person cannot be identified or located, such benefits and all other benefits with respect to such person shall lapse five years after the benefit first became due and all amounts due to the person shall be reported and delivered to the State of Washington in accordance with Ch. 63.29 RCW.

- 17.7 Source of Benefits. The Account Balance is the only source of benefits to a Participant or Beneficiary under this Plan.
- 17.8 Severability. If any provision of the Plan is found to be invalid or unenforceable, all other provisions will remain in force.
- 17.9 Limitation of Lawsuits. A lawsuit to obtain benefits cannot be filed until all applicable claims and appeal procedures have been exhausted and a final decision has been made by the Board. Any lawsuit against the Plan, the Board, or King County must be filed within two years after an appeal has been denied by the Board, or if earlier, within two years after the date the cause of action first accrued.

18. APPLICABLE LAW

- 18.1 Construction. This Plan shall be construed under the laws of the State of Washington.
- 18.2. Interpretation. This Plan is intended to be an eligible state deferred compensation plan within the meaning of Section 457 of the Code and RCW 41.50.770, and shall be interpreted consistent with such Section, RCW and all regulations promulgated thereunder.

19. HEADINGS

The headings of articles, sections, or other subdivisions hereof are included solely for convenience of reference, and if there is any conflict between such headings and the text of the Plan, the text shall control.

20. EFFECTIVE DATE

King County has caused this Plan as amended to be effective the first day of January 2016, except as otherwise specifically provided in the Plan.

On behalf of the King County Employees Deferred Compensation Plan this Plan Document is adopted by the Board and effective on this date:

By: Thomas Beavers, Board Chair

Printed Name: Thomas Beavers

Date: Jan. 4, 2016